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COUNTRY Czechoslovakia

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SUBJECT 1. Ball Bearing Production and Procurement
2. Merkuria, New Export Trading Agency

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- 25X11. The Czechoslovak ball bearing industry produces sub-standard ball bearings because of the poor quality raw steel supplied by Poldina Hut in Kladno (N51/L59). Ball bearings, 50 mm in diameter, are made from cold-drawn steel rods which vary in diameter from one end of the rod to the other. The rods are six meters long and should have an unvarying diameter of 5mm, but they usually taper 0.4 mm. The Mannesmann Works at Chomutov (Komotau - N51/F02), in spite of strenuous efforts, cannot overcome this obstacle.
2. Because of the poor quality of ball bearings produced within Czechoslovakia, the Czechoslovak government tried to negotiate with Sweden for the purchase of steel rods. If the negotiations had been successful, the Czechs would have bought the entire output of a Swedish steel rod factory for two million Swedish crowns, with Czechoslovak sugar being used as a barter medium. The steel rods were to have been sent to the RIV factory at Turin, Italy, for processing into ball bearings.
3. Another trade agreement with Sweden, which would have exchanged Czechoslovak automobiles for Swedish steel rods, collapsed because of the ineptness of the Czech negotiator, Frantisek Vesely, newly appointed special director of Czechoslovak ball bearing production. [REDACTED] Vesely was intractable in his dealing with the Swedes because he felt that Poldina Hut could adequately supply the Czechoslovak ball bearing industry, overlooking the fact that Poldina Hut's products are below standard. Vesely's office is located in Zbrojovka Brno, Prague VII, Krale Jiriko (051/L78).
- 25X1 4. For 1950, an estimated 360 million kcs worth of ball bearings will be needed in Czechoslovakia, but only 47 per cent of this is to be produced within the country. The remainder, mainly large ball bearings needed in locomotives and railway cars, is to be imported.

25X15. [REDACTED] Russian-made ball bearings are even worse than the Czechoslovakian products. Many of them do not turn at all and others have irregularities in them.

6. Ball bearings made at the Zbrojovka Brno at Lisen near Brno (P50/N40) are produced at greater cost than those turned out at Ferstejn (050/N13), which uses the "Goteburg" system. A new ball bearing factory is being built at Spisska Nova Ves (R49/D87) in Slovakia [REDACTED]

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CENTRAL INTELLIGENCE AGENCY [REDACTED]

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- 25X1 7. In spite of the Cominform countries' boycott of Yugoslavia, Omnipol
25X1 of Prague is trying to unload a shipment of undesignated metal products
on Yugoslavia contracted before the boycott went into effect. [REDACTED]
[REDACTED] the material is of such poor quality that no one else will
buy it and therefore Czechoslovakia is trying to ship it to Yugoslavia,
via Switzerland or Sweden.
8. A new state agency for export trade, called Merkuria, which has more
power than the Ministry of Foreign Trade, was organized at Prague in October
1949. All foreign trade is to be carried on through Merkuria which is to be
eventually absorbed by the Ministry of Foreign Trade.
9. Key persons at Merkuria are:
- 25X1 a. General Director is Panek (fnu) [REDACTED]
- b. Trade Director is Dr. Ing. Vaclav Cervený, who is also a member of
the Import and Export Planning Commission.
- c. Section President is Fried (fnu), who is responsible for trade with
Sweden, Denmark, Holland, and Norway.
- d. Another Section President is Prokop (fnu).

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